

Minutes of Meeting of the VisitScotland Board held on Friday 25 January 2008

Present: Peter Lederer (Chairman)
Pat Buchanan
Brian Houston
Alex Pagett
Lesley Sawers

In attendance: Philip Riddle (Chief Executive)
Willie Macleod (Director of Visitor Services and Quality)
Malcolm Roughead (Director Marketing)
David Noble (Director of Network Operations)
Ken Neilson (Director of Corporate Services)
Riddell Graham (Director of Strategy, Partnerships and Communication)
Eddie Byers (Director of Industry Engagement)
David Anderson (Head of Human Resources)

Minutes: Lynne Raeside

Apologies: Willie Dunn

INTRODUCTION

The Chairman welcomed everyone to the meeting and congratulated the Chief Executive on receiving his OBE in the New Year's Honours List.

WINTER WHITE CAMPAIGN

The Chairman welcomed Suzanne Casey (SC) and Helen Campbell (HC) from UK & Ireland Marketing who gave a presentation on the Winter White campaign which was launched at the end of 2007. The campaign is targeted at the W2 segment and aims to stretch seasonality and increase regional spread. A main objective of the campaign was to work with industry partners, promoting fixed offers. In addition, working with communication partners, the reach of the campaign was increased from the previous year. The campaign included direct mail activity; a dedicated website; e-direct mail; Daily Mail promotion; promotions with partners including Hamilton & Inches, Johnson's Cashmere, Robert Wiseman Dairies, Cream O'Galloway and Walkers; radio advertising; and PPC (price per click) activity. The campaign runs until the end of March and is already on target to exceed expectations.

Discussion following the presentation focused on reach of the campaign, success rates, the need for feedback from partners, measurement of success, opportunities for cross-selling between accommodation and activity providers, measurement of in-kind support (IKS) and how it is recorded. It was also noted that the campaign is

segmentation driven which is a change for businesses and therefore an educational challenge.

The Board thanked SC and HC for an interesting presentation.

1. MINUTES OF BOARD MEETING 25 JANUARY 2008

The minutes of the previous meeting were approved subject to the following changes:

- Page 7 – remove the word “single” in section 11.
- Page 8 – delete the sentence “Joining forces would be useful step” in section 14.

2. MATTERS ARISING

Open Meeting

The Chief Executive reported that, due to reduced attendance and costs, the format of the Open Meeting would change in future. He suggested that an online format would be trialled in 2008, e.g. an internet conversation.

The Board approved this approach.

Publishing Scotland

Ken Neilson (KN) reported that he had spoken with the Chairman of Publishing Scotland and had addressed the concerns which had been raised with Pat Buchanan (PB).

Strategic Forum

The Terms of Reference of the Strategic Forum were circulated for information.

3. CONFLICTS OF INTEREST

No conflicts of interest were recorded.

4. DRAFT CORPORATE PLAN 2008-11

Riddell Graham (RG) introduced the draft Corporate Plan. He reported that the Tourism Minister had decided not to issue a letter of strategic guidance to provide a framework for the plan as the Strategic Forum supercedes the need for an annual letter. He noted that the first part of the plan, the strategic element, reflects the new Government’s Economic Strategy for Scotland. The draft plan also reflects the new structure of VisitScotland, outlining the high level structure of the customer focused directorates. Much of the detail on, inter alia, insights, market trends is included in appendices. RG invited comments from the Board.

Lesley Sawers (LS) noted that there is a lack of consistency around references to industry and references to stakeholders and the public sector. RG confirmed that these would be addressed.

The Board discussed how best to reference current thinking around investment in tourism. It was agreed that reference should be made to these discussions within the section on the Tourism Prospectus.

Alex Pagett (AP) suggested that the risks in the appendix should be weighted. RG explained that this appendix is a summary of the Risk Register. Work is underway to re-weight the risks and this section of the plan will be amended to reflect this work.

LS suggested that section 3 undersells VisitScotland and there should be more emphasis on the research undertaken by the organisation. RG agreed to review this section.

Concerns were raised about the potential impact of external factors on the Corporate Plan and it was suggested that the Plan should be revised to reflect the fact that the economic environment might be challenging for tourism. RG noted that Appendix III already outlines scenarios which might arise as a result of economic turmoil. Malcolm Roughead (MR) further suggested that the narrative could include reassurances that VisitScotland will, as it does already, shift emphasis, e.g. considering different segments, markets etc, to reflect global events, whether these are economic or otherwise. RG agreed to amend the narrative accordingly.

RG requested specific feedback on the Key Performance Indicators (KPIs) and on the activity chart. It was agreed that comments should be fed directly to RG. The Plan would then be revised and emailed to the Board for final comments by the end of February. The Plan will be brought to the March Board for final approval.

Action: Detailed comments to RG by mid February and then final comments by end of February.

KN presented the outline budget accompanying the Corporate Plan. He explained that a new budgeting process had been introduced, including a bidding process where departments could bid for additional funding above their core departmental budgets. It was agreed that this was a positive step and had introduced a good discipline to the budget process. It was noted that no money had yet been agreed for Homecoming Scotland but VisitScotland has been reassured that £5m funding will be made available. KN confirmed that EventScotland's budget currently stands at £7m (£5m core and £2m for Ryder Cup).

AP asked whether the £6m from local authorities was secure. David Noble (DN) confirmed that it was as secure as it could be given the pressures placed on local authorities and possible changes in priorities.

The Board noted the draft budget.

5. COMPETITIVE ENVIRONMENT

RG introduced the competitive environment paper which provides an update on trends in Scotland and across the globe. He noted that updated International Passenger Figures had been published since production of the Board papers, showing an overall

increase in visitor numbers of 0.6%. These were circulated for information. He also reported that UKTS figures for October had also been received which showed a 3% drop in visits but a 7% increase in spend. Initial analysis of these results suggested that this might be the result of poor weather: fewer people visiting but those visiting spending more on indoor attractions.

RG noted that the UKTS and IPS surveys are only one measure of performance. Occupancy figures remain positive. The Chairman asked whether there is sufficient data on supply, i.e. the number of new providers, the number of providers leaving the industry. RG explained that it is difficult to obtain an accurate picture of supply but work is in progress. Willie Macleod (WMac) reported that information from Quality Assurance data would suggest that smaller operators are leaving the industry, while we are gaining larger businesses. He noted that there had been a decrease of 300 businesses in the QA system, the majority due to "ceasing trading".

The Board noted the report.

6. NATIONAL TOURISM INVESTMENT PLAN

The Chief Executive introduced a discussion paper on the need for a national tourism investment plan. He reported that the paper had been sent to the Minister who is broadly supportive. The Board agreed that the investment plan was extremely important in terms of realising the ambition for growth and delivering the Tourism Prospectus.

Discussion followed on the steps which will now need to be taken to progress the proposal. It was agreed that a list should be drawn up to identify where investment opportunities exist and then this gap analysis should be communicated to appropriate groupings. Suggestions included the Council of Economic Advisers and key investment partners / business contacts. It was also suggested that media briefing with publications such as the Financial Times and the Economist might be useful and that the Chairman's Tour could be amended to include dinners which would focus particularly on investment opportunities. It was recommended that the paper should be revised for use by Board members when they meet with business. It was also noted that Board members should feed back on any meetings they do have.

Action: Chairman and AP to draft list of opportunities for stakeholders discussions with Chief Executive. Paper to be revised as Board briefing paper. BH to hold meeting with marina developers.

7. VISITSCOTLAND.COM

MR reported on VisitScotland.com's end of year performance. He noted that the Contact Centre and TICs are performing as expected. However, conversion figures for the website and overall results are disappointing.

The Board noted this report.

MR also led a discussion on the future strategy for VisitScotland.com. He explained that in 2008 there will be greater emphasis on encouraging potential visitors to use the web and greater emphasis on encouraging direct contact between potential visitors and businesses. Consideration is also being given to the development of an "e-shop". In line with feedback about the need to provide rich information to inspire people to visit Scotland, the new website design will allow two directions: a commercial section and an information section, with the ability to toggle between the two.

MR reported that the Business Plan has been approved with some caveats. He noted that VisitScotland.com is going through a period of significant change, although VisitScotland would like to see more.

The Board noted the report.

8. EVENTSCOTLAND

The Chief Executive reported on the sub-committee's meeting of the previous day. He noted that EventScotland has a significant workload and Homecoming 2009 is already having a big impact on their activity. He also noted that clarity is now emerging in respect of the Ryder Cup.

The Chairman asked KN to provide EventScotland with assistance to create a risk register.

Action: KN to liaise with EventScotland to create a risk register.

9. CHIEF EXECUTIVE OVERVIEW OF KEY DEVELOPMENTS

The Chief Executive introduced a paper outlining key developments since the previous Board meeting. Topics covered in this paper included: the Economy, Energy & Tourism Committee Inquiry; the Westminster Tourism Inquiry; Review of VisitBritain's Tourism Support; Sage Line 500; Future Arrangements for Visitor Routes into the UK; Pan-European Touring Campaign; Burns Promotion; Visitor Experience Survey; and Meeting with the Pay Unit.

The Chairman noted that the Review of VisitBritain would be particularly important. He reported that a meeting is due to be held between UK Tourism Ministers to which he had been invited. He agreed to report back on this meeting once it had been held.

David Anderson (DA) reported on his meeting with the Pay Unit. He reported that the Scottish Government has suggested that a resolution will not be forthcoming for six to

nine months. DA has confirmed that this will not be practical as VisitScotland will be submitting a pay claim in May / June. VisitScotland's Sponsorship Team is trying to assist in progressing the matter. On a more positive front, DA reported that a strategy has been developed on how the pay deal is packaged.

The Board noted the report.

10. CUSTOMER FIRST

The Chief Executive presented a paper updating the Board on the Customer First project and seeking the Board's approval of the HR process. He reported that steady progress had been made, with an announcement on Heads of Department positions having now been made. Appointments will be made shortly and then the Heads of Department will be engaged in talking about the next level down.

The Chairman reported that the Remuneration Committee had approved the HR process. The Board confirmed its approval.

It was also noted that Tourist Board Training is considered as a part of VisitScotland and will be part of the restructure.

11. MSP SURVEY

RG presented a paper which provided a summary of the results from the latest MORI MSP Poll. He reported that the results were extremely encouraging, although had identified some areas where action is required. He noted that the new Strategic Partnerships structure should help to address these areas of concern.

The Board noted the report.

12. PROPERTY MATTERS

DN presented a paper seeking Board approval for the early surrender of lease for Alva TIC and providing an update on proposals for a TIC at Glasgow Prestwick Airport. He reported that there is an opportunity to move from the current premises in Alva to Sterling Mills, Tillicoultry. The move to Sterling Mills is on a trial basis for one year. The move will represent considerable savings. DN recommended that the Board approve the move. In respect of Glasgow Prestwick Airport TIC, DN reported that agreement has not been secured in relation to staff transfers. He recommended that a decision on Glasgow Prestwick should be deferred.

The Board approved the move of the Alva TIC to Sterling Mills and agreed to defer a decision on the Glasgow Prestwick Airport TIC until the March Board meeting.

KN reported that VisitScotland is considering opportunities for sharing office space with other agencies. A paper will follow in due course but at this stage KN confirmed that such a move would likely lead to savings of £140,000 - £150,000. Any costs for exiting existing properties will be met by money provided by the Scottish Government.

13. PROCUREMENT

KN introduced a paper seeking approval from the Board to award a contract for a book supplier and to extend the contract with Green Team in the USA. He explained that the extension of the Green Team contract was required to accommodate work on Homecoming 2009.

The Board approved the award of the contract for the book supplier and agreed to approve extension of the Green Team contract subject to Scottish Government approval. In addition, the Board confirmed its approval by email of the awarding of the contract to Melville Exhibition Services for the stand build services for Expo.

14. FINANCE REPORT

KN reported on the Audit Committee meeting which had been held the previous day. He reported that the State Aid Policy had been circulated to the Audit Committee and was available to Board members on request. He noted that the Audit Committee had been positive with no outstanding issues. The second batch of internal audit reports was considered and it was clear that there are no audit issues.

KN reported that the reforecast had closed the deficit and the organisation is now on track to have a break-even budget.

The Board noted the report.

15. GOVERNMENT EFFICIENCY

KN tabled a paper updating the Board on VisitScotland's commitments within the Government Efficiency programme. He reported that the £1m savings achieved last year are being retained this year. A new set of Government Efficiency targets is due to be published shortly. It is likely these will require VisitScotland to make savings of 2% of the core grant. AP asked whether EventScotland will be included within this target, arguing that it will be difficult for a grant giving organisation to make efficiency savings. KN agreed and reported that the Government has, to date, agreed not to include ancillary costs. However, running costs might be included.

The Board noted the report.

16. CHAIRMAN'S REPORT

The Chairman introduced his report on activities since the previous Board meeting. The Board noted this report.

17. CHIEF EXECUTIVE'S REPORT

The Chief Executive introduced his report on activities since the previous Board meeting. The Board noted this report.

18. PROGRESS AGAINST OBJECTIVES

The Chief Executive introduced the Progress Against Objectives paper which provides an update on VisitScotland's activities. Brian Houston (BH) asked why the activity around air access did not appear to be on target. MR explained that the Route Development Fund had been stopped. Although VisitScotland continues to work with airlines, funding will no longer come from the RDF. It was agreed that the plan should be changed to reflect the change in circumstances.

BH also asked whether the Board should be concerned that QA targets might not be achieved. WMac explained that the reduction in QA membership appeared to be as a result of businesses ceasing trading as opposed to businesses leaving QA and operating outwith the scheme. He noted that Scotland still retains 83% penetration levels in respect of serviced and self-catering accommodation. Although the target is 90%, WMac expressed the view that we are possibly already at saturation point. The Chairman suggested that reporting on QA membership should be in terms of numbers as opposed to percentages given that there is no definitive knowledge about the number of businesses in Scotland. WMac confirmed that the KPI for the following year will consider QA membership in relation to bed supply.

RG reported that the Growth Fund is likely to be launched in Tourism Week, subject to the outcome of European bids. An update will be provided to the March Board meeting.

The Chairman asked what Board members could do in relation to Scottish Tourism Week. RG agreed to send a list of key events to Board members.

Action: List of Tourism Week events to be circulated to Board members.

19. ANY OTHER BUSINESS

Economy, Energy & Tourism Committee

AP asked when the Economy, Energy & Tourism Committee would conclude its inquiry into the 50% growth ambition. RG confirmed that the Committee has indicated that it will conclude its inquiry in June. He also reported that the National Investment Plan proposal had been fed into the process.

City Promotion

The Chairman reported on developments within Edinburgh and Glasgow regarding city promotion. In order to ensure alignment between national and local strategies, VisitScotland will continue to work closely with both cities and monitor activity.